Research on Salary Management of Large State-owned Listed Pharmaceutical Enterprises—China Resources Sanjiu as an Example

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Abstract. State-owned enterprises are an important pillar of China's national economy. The direction of salary management of Chinese state-owned enterprises has always been the focus of experts and scholars all over the world. Force enterprises to establish a salary management system in which the salary level is linked to enterprise benefits, encourage enterprises to further improve the incentive and restraint mechanism of long-term salary management, and establish a socialist market-oriented economy salary system in line with China's national conditions.

This paper studies some problems and optimization schemes of salary management in China Resources Sanjiu Group, which belongs to Chinese state-owned enterprises. This paper is mainly supported by Maslow's hierarchy of needs theory and equity theory, and uses the research methods of literature research, interview, questionnaire survey and so on. through the analysis of the demand characteristics and the current salary management system in China Resources Sanjiu Group, this paper summarizes the main problems existing in salary design and daily salary management of China Resources Sanjiu Group, and gives some suggestions to solve them.

Introduction

Research Background

This section introduces the background and significance of the research on salary management in this article, and reviews the literature research on the salary management system of state-owned enterprises from two perspectives (what are the influencing factors of salary management in state-owned enterprises and the impact of salary management in state-owned enterprises), and Existing literature studies have been commented to arrive at the research content and research methods of this article.

The issue of executive compensation in China's state-owned enterprises has always been the focus of media supervision. With the change of The Times and the change of policy environment, In order to solve the problem of excessive high income, and make corresponding adjustment on some distribution, eliminate the human disease for a long time "sky-high compensation, absolute returns" and other unreasonable phenomenon, reversed transmission enterprises establish compensation and benefits by linking remuneration system, encourage enterprises to further improve the long-term incentive constraint mechanism, to establish the compensation system of socialist market economy in China.[1]

Research Significance

With a long history of development, China resources sanjiu is a traditional large-scale pharmaceutical enterprise in China, with a strong drug research and development capacity. However, with the continuous change of market demand, the current salary incentive mechanism of the pharmaceutical company has not been able to meet the development needs of the company, and the fairness and effectiveness need to be strengthened. As a result, the brain drain of the enterprise is serious, and the internal working atmosphere is depressed, which seriously hinders the development of the enterprise. Thus it can be seen that the most important issue for enterprises at the present stage is to improve the awareness of talent management, to formulate incentive systems in line with their own characteristics, to improve the motivation of talent research and development and the
enthusiasm of employees, so as to avoid being eliminated in the market competition. China resources sanjiu is the research object of this paper. The author makes a comprehensive analysis of its current salary system and puts forward some Suggestions for improvement, aiming to help enterprises improve their current salary incentive status, stabilize the talent team, and ensure the competitiveness of enterprises.

Theoretical Basis

(1) Health care-incentive theory
The generally accepted demand theory is Maslow's (1943)[2] hierarchical demand theory, but this demand theory also has some defects. Clayton Alderfer (1969) [3] formed the ERG theory of core demand after in-depth research and summary. E in this theory represents the need for survival. Existence, is a variety of needs produced by people in order to survive. Among them, R represents the relationship needs (Relatedness), refers to people living in society, resulting in a variety of relationships, resulting in all aspects of demand. The G represents the need for growth and (Growth), is the need for further development. In addition, this theory also points out that human demand is not always rising, but in some cases, human demand will develop downward, from high-level demand to low-level demand. Therefore, as a manager, we should pay special attention to the demand and formulate a salary management plan according to the actual needs of employees.[4]

(2) Fairness theory and expectation theory
David·C·McClell[5] and put forward a representative triple demand theory in the research on the needs of employees. It points out that all employees have a need for achievement, rights and affinity, but for different employees, some are more likely to show the need for achievement, so they will look for challenging jobs; some are more likely to have a need for rights, and they used to be able to get higher rights to meet their psychology of managing others. Some are more likely to show the need for affinity, and this kind of employees prefer a working environment and interpersonal relationship with strong affinity. Therefore, in the management of employees, it is necessary to understand the demand bias of employees in order to achieve targeted management.

Method

In the process of this writing, the author mainly adopts the method of literature research, the combination of theoretical research and practical cases, and the event study method to analyze the salary management.

Literature Research

Literature research method is a process of obtaining scientific cognition through literature collection, selection and analysis. At the beginning of the creation of this article, the author explored the innovations and deficiencies of China's state-owned enterprises' salary management by collecting domestic and foreign research trends on salary management, understanding the current status of salary management policies and systems, and the opinions of some industry experts. Then the principal-agent theory, the optimal treaty theory and other theories are taken as the basis of this paper. On the basis of this logical arrangement, which proposes the problems of salary management, and analyzes and solves the problems, it puts forward effective measures to optimize my country's salary management system, and clarifies the problems to be solved in this article.

Combining Theories with Cases

In the study of executive compensation in China Resources Sanjiu Medical & Pharmaceutical Co., Ltd. Firstly, the theoretical background of executive compensation is formed, and then the problems existing in the executive compensation management system are analyzed according to the specific typical cases of China resources sanjiu company, and targeted solutions are proposed.

Event Method
In the study of China resources sanjiu enterprises, a simple event study was adopted to study the reaction of the event behavior of the 2014 fixed term salary policy to the market, explore the stock price fluctuation of China resources sanjiu enterprises and whether it can generate excess returns, and further study the short-term performance of China resources sanjiu enterprises.

Innovations

The relationship between pay and corporate performance management executives of state-owned referred to in this article is an innovation in this article. Through browsing a large number of relevant literature, it is found that most research papers have conducted research by means of verification. However, this paper introduces the relationship between executive compensation and enterprise operating performance by case analysis, which is one of the innovative points of this paper. Second, in this paper, the compensation management research combined with pay policy background, the specific policy reform measures and the integration of enterprises, adjust measures to local conditions, to the enterprise more specific Suggestions, in order to better to have the same enterprise demonstration and reference, the scholars in this field in less, therefore, from this Angle, this paper may be regarded as another big innovations of this article.

Results and Advice

The Research Conclusion

As an ancient saying goes, "the state can only be established, the government can only be governed, and the industry can only prosper. Therefore, to provide a good enterprise platform for talents, so that they can do their best to achieve their own value, create the value of the enterprise, the design and research of a set of compensation management system can maximize the effectiveness of all things, stimulate the potential of employees, play a role that cannot be underestimated. But real Chinese listed companies pay management system are not so poor, many enterprises just follow the trend of current compensation management system, set up and not combined with the characteristics of their own enterprises, there is no matching the enterprise culture idea, did not conform to the enterprise strategic planning that appear all sorts of problems, not pay attention to the effective introduction of talent makes enterprise lags behind other industries also lead to the development of the industry. Therefore, establishing a set of effective executive compensation management system suitable for enterprise development can not only help enterprises recruit more excellent talents and attract more excellent talents, but also improve the enthusiasm of senior executives, add more enthusiasm for work, and ultimately form a win-win situation for enterprises and senior executives.[6]

Research under the background of this article through to pay for the China Resources Sanjiu Medical & Pharmaceutical Co., Ltd. Executive compensation management problems, made a concrete analysis and obtained the following conclusions: one is the CRC lump-sum compensation management system exist compensation structure is single, the lack of long-term incentive mechanism, performance evaluation system is not perfect and pay such problems as lack of transparency in public; Second, under the policy of 2014 salary order issued by the national government, the operating performance of China resources Sanjiu group has a significant negative impact, and its net profit has declined, which indicates that executive compensation has a serious impact on the operating performance of the company, and a good executive compensation management system is the top priority.

Suggestions for Improving Corporate Salary Management

(1) Compensation management and the company's business strategy
Corporate governance structure plays an important role in corporate governance and corporate operation. Due to the current relatively roughly in the governance structure is imperfect, inefficient operation situation, the design of compensation management system is not established in the context of the economic market, not with the whole industry linkage mechanism, economic chain frequent
disconnect behavior, enterprise itself is not linked with long-term performance makes the corporate governance structure is relatively thin, clutter. Limited salary policy implementation, on the other hand, is more of a constraint listed state-owned enterprise management personnel's basic income level, the performance of listed state-owned enterprise senior management personnel salary but there was no obvious limitations, also encourage long-term equity incentives, but most of the enterprise is not fully understanding and the understanding of national policy, not the strict grasp on executive pay, makes the corporate governance become chaotic. Therefore, improving the internal salary management structure of state-owned enterprises can strengthen the binding and supervision of senior executives and other ordinary employees, which can promote the operation and development of state-owned enterprises. Based on the current CR39 lump-sum enterprise management status, on the one hand, can increase outside the proportion of independent directors of the board of directors, the board of directors of the board of supervisors of regulatory power increase, can effectively enhance the scope of supervision and regulation efficiency of the board of directors, the chairman of the board of directors and senior executives form the separation of power and responsibility, not a part-time behavior, keep the independence of the board of directors; On the other hand, China resources sanjiu compensation management committee should expand the scope of its implementation, constantly update its compensation management assessment system according to the background of the economic development of the pharmaceutical industry, adjust and improve the compensation management system of senior executives in combination with the policies issued by the government, and empower the compensation management committee with more rights.[7]

(2) Salary incentive should be targeted and reasonable
As a knowledge-based employee, his needs are also various, so in the process of formulating the corresponding incentive system, China resources sanjiu should fully consider the realistic needs of this part of the staff and combine various incentive systems. It is difficult to achieve the expected effect with simple salary incentive. Relevant research data shows that in the face of senior executives, both material incentive and spiritual incentive should be paid attention to. At the same time, when the proportion of these two kinds of incentives is the best, the incentive effect will be the best. This kind of incentive method saves the incentive cost to a great extent, and also achieves the goal of long-term incentive. Therefore, in order to attract more excellent talents, cre sanjiu should pay attention to the role of spiritual incentives instead of merely relying on salary incentives. Only by combining the two kinds of incentives can the expected effect be achieved. From the current situation of cre sanjiu, we can see that it has an excellent corporate culture, so it can be effectively utilized, so that excellent value concepts can be deeply rooted in the hearts of people and continuously stimulate the initiative of researchers.[8]

References
[1] At the third Plenary session of the 18th CPC Central Committee, the political Bureau of the CPC Central Committee examined and approved the "Reform Plan for the salary system for the Heads of Enterprises under the Central Management", 2014.
